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## **New Zealand**

### **Kiwifruit**

### **Annual**

### **2002**

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**Report Highlights:** The forecast New Zealand 2002 season kiwifruit crop is 2-percent bigger than in 2001. This is due to increased volumes of Zespri Gold kiwifruit coming on stream from previous plantings. Production of Zespri Organic and Green kiwifruit are expected to remain stable in 2002. Total kiwifruit exports for the 2002 season are forecast to be approximately 62.8 million trays or about 226,000 MT. Zespri Gold (Hort 16A) plants are in the ground in Italy, the U.S., Japan and Spain.

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Wellington [NZ1], NZ

**SECTION I. SITUATION & OUTLOOK**

The total New Zealand kiwifruit harvest for 2002 is forecast to be approximately 67.4 million trays (1 tray = 3.6kg) or 242,640 MT. The final crop will be harvested by approximately May 2002, so this forecast will be subject to change. The forecast 2002 kiwifruit crop is 2 percent bigger than in 2001. This is due to increased volumes of Zespri gold coming on stream from previous plantings. Volumes of the gold variety are expected to be 30-40 percent greater than in 2001 and are forecast to around 6.5 million trays or 18,000 MT. Production of the Zespri green and organic kiwifruit are expected to remain stable in 2002. Total kiwifruit exports for the 2002 season (March, 2002- February, 2003) are forecast to be approximately 62.8 million trays or 226,080 MT.

Zespri is committed to a high technology future. Currently about 20 percent of its annual investment in innovation projects goes into new cultivar development of which, none are genetically modified. Zespri supports the New Zealand Governments decision in the GM debate and is seeking a balance between the two sides. To this end, Zespri's own position on GM remains unchanged: in response to current consumer and customer requirements, Zespri chooses not to develop or market any GM product.

The strategy to take the Zespri business from a seasonal marketer of New Zealand kiwifruit to a 12-month producer and marketer of world sourced products is well under way. A ten-year strategic production and marketing plan is being rolled out in phases with a management structure in place. Zespri Gold (Hort 16A) plants are currently in the ground in Italy, the U.S. (California), Japan and a negligible amount in Spain.

## SECTION II. STATISTICAL TABLES

## Kiwifruit PS&amp;D Table

PSD Table						
Country	New Zealand					
Commodity	Kiwifruit				(HA)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		03/2000		03/2001		03/2002
Bearing Area	10500	10500	0	10500	0	10600
Non-Bearing Area	250	250	0	250	0	150
TOTAL Area Planted	10750	10750	0	10750	0	10750
TOTAL Area Harvested	10500	10500	0	10500	0	10600
TOTAL Production	225806	229068	0	237240	0	242640
Imports	150	150	0	150	0	150
TOTAL SUPPLY	225956	229218	0	237390	0	242790
Exports	210000	213033	0	220633	0	225655
Domestic Consumption	15956	16035	0	16607	0	17135
TOTAL DISTRIBUTION	225956	229068	0	237240	0	242790

**Trade Matrix: New Zealand Kiwifruit Exports**

<b>New Zealand Kiwifruit Exports</b>			
<b>Calendar Years, tons</b>			
	<b>1999</b>	<b>2000</b>	<b>2001 YTD*</b>
<b>Destination</b>			
Other EU	1,265	735	318
Japan	35,958	36,393	31,170
Australia	8,005	18,844	14,473
United States	13,055	16,551	16,134
Taiwan	6,931	8,560	7,127
Spain	20,902	28,599	11,295
Italy	10,096	7,812	5,520
United Kingdom	8,033	18,844	14,278
Germany	3,051	632	693
Argentina	2,815	852	0
Belgium	433	101	0
Korea	3,465	4,513	5,509
China	2,109	1,954	1,066
Canada	0	90	0
Hong Kong	1,398	1,657	1,599
Saudi Arabia	1,188	897	1,231
Mexico	505	1,056	1,130
Other	77,240	81,920	110,735
<b>Total</b>	<b>196,449</b>	<b>230,010</b>	<b>222,278</b>
*YTD Jan - Oct			

Source: Statistics New Zealand

## SECTION III. SUPPLY, DEMAND, POLICY AND MARKETING

### PRODUCTION

The total kiwifruit harvest for the 2002 season (March - February) is estimated to be approximately 67.4 million trays (1 tray = 3.6kg) or 242,640 MT. The crop will be harvested by approximately May 2002, so this forecast will be subject to change. The forecast 2002 kiwifruit crop is 2.3 percent bigger than in 2001. This is due to increased volumes of Zespri gold coming on stream from previous plantings. Volumes of the gold variety are expected to be 30-40 percent greater than in 2001 and are forecast to be around 6.5 million trays or 18,000 MT. Production of the Zespri green and organic kiwifruit are expected to remain stable in 2002. Total kiwifruit exports for the 2002 season are forecast to be approximately 62.8 million trays or 226,080 MT.

The forecast average total return per tray for the 2001 season to the grower for Zespri Green is NZ \$7.02 (US \$2.95), for Zespri Organic, NZ \$8.15 (US \$3.42) and for Zespri Gold NZ \$9.17 (US \$3.85).

#### **2001 Season Review**

*Note: The selling season for NZ-grown kiwifruit begins in approximately June/July each year and runs through until around February of the following year. This review reflects sales data for most of the 2001 season.*

Total global sales volumes of kiwifruit to week 49 of the 2001 season are 6 percent above 2000 with net revenue 3-percent above 2000 and price 3-percent lower. Globally, Zespri Green kiwifruit varieties are up 4-percent on the last season with 51 million trays sold or 183,600 MT. Zespri Organic kiwifruit volumes of 2.1 million trays or 7,560 MT sold is 12-percent below the 2000 season due to submitted trays being down 20 percent. Zespri Gold kiwifruit volumes sold were up 16-percent at 4.7 million trays or 16,920 MT.

The large volumes of Zespri Gold fruit made selling conditions difficult for Zespri International in the 2001 season. Zespri Gold was introduced on international markets for the first time in 2000, and ran into teething problems that affected grower returns for this product. The Gold fruit has been reported by Zespri as being a more difficult product as it has a shorter selling season than the traditional Green variety. The Gold variety ran into difficulties later in the season, especially in Europe, where Gold sales finished 20 percent lower than 2000 with 11-percent lower prices. Volumes of Gold to Europe were reduced overall because of quality issues, however, prices were 17-percent above the Zespri Green variety.

In Japan in 2001, television public relations helped push up in-market deliveries to surpass last season's levels for the previous five weeks. Zespri volumes were 4-percent below the 2000 season, with price just one yen softer. Net revenues were 4 percent below 2000. Zespri has seen tremendous growth in East Asia this season spread over all three key markets (Gold, Organic, Green). The remaining 200,000 trays to sell in the early months of 2002 are mostly the result of reallocating product. Most of this additional fruit has customer orders and should be moved into the market over the Christmas 2001

period. This region continues to move ahead of 2000 with volumes up 20 percent in 2001 on the previous season and prices down by 10 percent. Net revenues for the East Asian region were 8 percent above 2000.

High prices in Europe restricted Zespri International exports to North America in 2001 and drove up prices, slowing sales which caused retailers to lose interest in kiwifruit. This situation was further compounded by a smaller Californian crop. Overall sales volumes to North America were 16 percent above 2000. Net revenue were 5 percent above last season while prices were 11 percent down.

## **POLICY**

### ***GM Stance***

Zespri is committed to a high technology future. Currently about 20 percent of its annual investment in innovation projects go into new cultivar development - none of these are genetically modified. Zespri supports the New Zealand Government's decision in the GM debate and is seeking a balance between the two sides. To this end, Zespri's own position on GM remains unchanged: in response to current consumer and customer requirements, Zespri chooses not to develop or market any GM product.

## **MARKETING**

### ***12-month marketing***

The strategy to take the Zespri business from a seasonal marketer of New Zealand kiwifruit to a 12 month producer and marketer of world sourced products is well under way. A ten-year strategic production and marketing plan is being rolled out in phases with a management structure in place. Today, Zespri Gold (Hort 16A) plants are in the ground in Italy, the U.S. (California), Japan and Spain.

Managing the global commercialization of Zespri Gold kiwifruit is a major part of the strategy, especially protecting this exclusive new product and balancing its supply and demand to maintain a premium price. Part of the strategy is therefore to prudently manage the licensing of Zespri Gold, and growers both in New Zealand and globally have been reminded not to plant or graft unless they have a license to do so from Zespri.

To date around 1500 hectares of Zespri Gold has been planted in New Zealand. Offshore the Gold kiwifruit variety has been planted in Italy and California with planned increases over the coming years. The first non-New Zealand origin Gold kiwifruit was available in the 2001 season with greater volumes of the Gold variety expected in 2002.

Zespri's aim is to extend the integrated Zespri production and marketing system not just for Gold but also Green kiwifruit so that retail relationships can be built as a year-round business partnership. Zespri Group Ltd has a global product services team who have day to day responsibility for production and marketing of Green and Gold kiwifruit. They co-ordinate production and logistics, identify growth opportunities for products, manage the protection of Gold and business risks and facilitate the global planting program to ensure 12 month supply is achieved. Zespri will work with their offshore partners and licenced growers to ensure they have the best opportunity to produce fruit to Zespri's standards. Production of Gold kiwifruit is expected to continue to grow by 30-40 percent each year over the next few years at least, which could bring total New Zealand kiwifruit production to about 80 million trays

by 2005.